



State of California  
**Franchise Tax Board**

02.10.2011

To: Selvi Stanislaus

From: Jeanne Harriman

Subject: Board Approval for IBM Passport Advantage Annual Maintenance Renewal

## Memorandum

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million. This request seeks approval to renew our Passport Advantage maintenance contract for the continued support of the IBM distributed software products on the department's revenue generating and mission critical computer systems.

IBM provides numerous products, and support of these products, utilized in numerous mission-critical business areas including our tax return processing, audit, collection, and filing enforcement programs, and our web service platforms. These products allow FTB to store, retrieve, process, and manage business data, and are considered an industry standard. Without these products, FTB would not be able to perform many of its revenue generating and administrative support functions or provide web services to taxpayers to assist them in meeting their tax obligations.

This renewal is currently under discussion as to whether we will continue on the July 1<sup>st</sup> contract term start date or process this renewal for 18 months to eliminate the impact to our ability to pay for these services due to a budget impasse. Moving the term start date for all future renewals to January 1 will allow participation of certified small businesses, many of which cannot afford to provide products and support out of pocket until the budget is signed. The estimated cost for the software maintenance renewal is between \$1,000,000.00 and \$1,500,000.00, depending on the approved contract term.

If you have any questions, please contact me.

*Jeanne Harriman*

Director, Financial Management Bureau

cc: C. Cleek  
C. Meraji  
T. Toyama